

## Senate Bill No. 434

### CHAPTER 546

An act to amend Section 854.5 of the Public Utilities Code, relating to the Public Utilities Commission.

[Approved by Governor September 25, 2014. Filed with  
Secretary of State September 25, 2014.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 434, Hill. Public Utilities Commission: removal of a commissioner.

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities, and provides that the Legislature may remove a commissioner for incompetence, neglect of duty, or corruption,  $\frac{2}{3}$  of the membership of each house concurring. Existing law prohibits the commission, by order, decision, motion, settlement, or other action, from establishing a nonstate entity, as defined, with any moneys other than those moneys that would otherwise belong to the public utility's shareholders. That law prohibits the commission from entering into a contract with any nonstate entity in which a person serves as an owner, director, or officer while serving as a commissioner. That law additionally provides that, beginning June 1, 2014, a commissioner who acts as an owner, director, or officer of a nonstate entity that was established prior to January 1, 2014, as a result of an order, decision, motion, settlement, or other action by the Public Utilities Commission in which the commissioner participated, neglects his or her duty and may be removed pursuant to the California Constitution.

This bill would provide that, beginning June 1, 2014, a commissioner who acts as an owner, director, or officer of a nonstate entity that was established as a result of an order, decision, motion, settlement, or other action by the Public Utilities Commission in which the commissioner participated, neglects his or her duty and may be removed pursuant to the California Constitution, irrespective of when the nonstate entity was established.

*The people of the State of California do enact as follows:*

SECTION 1. Section 854.5 of the Public Utilities Code is amended to read:

854.5. (a) For purposes of this section, a "nonstate entity" means a company, corporation, partnership, firm, or other entity or group of entities, whether organized for profit or not for profit.

(b) The commission, by order, decision, motion, settlement, or other action, shall not establish a nonstate entity with any moneys other than those

moneys that would otherwise belong to the public utility's shareholders. A nonstate entity to be created with moneys from a public utility's shareholders shall be subject to a 30-day review by the Joint Legislative Budget Committee prior to creation. This subdivision does not limit the authority of the commission to form an advisory committee or other body whose budget is subject to oversight by the commission and the Department of Finance.

(c) The commission shall not enter into a contract with a nonstate entity in which a person serves as an owner, director, or officer while serving as a commissioner. Any contract between the commission and a nonstate entity shall be void and cease to exist by operation of law, if a commissioner, who was a commissioner at the time the contract was awarded, entered into, or extended, becomes, on or after January 1, 2014, an owner, director, or officer of the nonstate entity while serving as a commissioner.

(d) Beginning June 1, 2014, a commissioner who acts as an owner, director, or officer of a nonstate entity that was established as a result of an order, decision, motion, settlement, or other action by the commission in which the commissioner participated, neglects his or her duty pursuant to Section 1 of Article XII of the California Constitution, and as a result the commissioner may be removed pursuant to that section by the Legislature, two-thirds of the membership of each house concurring.